Online lending is appealing to fraudsters

Large* online lenders are challenged with identity fraud, especially on mobile devices and internationally

- Up to 49% rank identity verification as a top mobile challenge.
- Up to 38% rank identity verification as a top online challenge.
- International fraud accounts for an average of 27% of total fraud losses, with assessing fraud by region as a key challenge for up to 33%.

This makes fraud more costly for large online lenders

- Chargebacks, fees and replacing stolen goods makes every $1 of fraud losses actually cost $3.07 compared to $2.63 for small / mid online lenders.
- On average, the volume of successful fraud is nearly 4X that of small / mid online lenders.
- Fraud cost as a percent of revenues is 2.24% versus 1.78% for small / mid online lenders.

But large online lenders do invest in fraud mitigation

- 92% use risk mitigation solutions (average 6.5 solutions).
- Up to 66% use an identity authentication solution, but not layered with device and location solutions.
- Up to 54% use an advanced transaction verification solution.
- 66% use an automated flagging system.

However, they may not be investing optimally as they continue to struggle with...

- Identity fraud - accounts for up to 51% of fraud losses on average.
- Excessive Manual Reviews - an average of 38% of flagged transactions are sent for manual review.
- Higher risk of customer friction if it takes more time to verify true identities.

LexisNexis® Risk Solutions can help

The 2017 True Cost of Fraud™ survey findings of lenders using a multi-layered solution approach of:

- Transaction Risk Scoring
- ID Authentication
- ID Verification

showed using more layered solutions...

- ...reduced successful fraud**
- ...lowered actual cost for every $1 of fraud losses**
- ...lowered fraud costs as a % of revenues**

For more information, please visit www.lexisnexis.com/risk or contact us at 1-800-869-0751

* Large lenders are defined as those which generate $50M+ revenues annually. **Based on 2017 True Cost of Fraud™ survey respondents; results can differ for other lenders based on various other factors and are not a prediction or promise of the same outcomes.

This research covers consumer-facing fraud methods and does not include information on insider fraud or employee theft. This 2017 LexisNexis® True Cost of Fraud Study™ was conducted for LexisNexis by KS&R. It establishes the cost of fraud through different payment channels. LexisNexis and the Knowledge Burst logo are registered trademarks of RELX Inc. True Cost of Fraud is a service mark of LexisNexis Risk Solutions Inc. Copyright 2017 LexisNexis. All rights reserved. NXR12136-00-0817-EN-US